



OFFICE OF CONSUMER ADVOCATE

21 S. Fruit St., Suite 18
Concord, N.H. 03301-2429

July 17, 2007

RE: NH OCA Request for Proposals for Regional Assistance

This is a request for proposal that will be sent electronically and posted on our website today. A proposal is required by July 27, 2007 in order to meet the schedule for Governor and Council review on September 5, 2007.

The New Hampshire Office of Consumer Advocate (OCA) seeks a range of services including analysis and evaluation of the New England regional electric power markets and transmission grid. The OCA is an "end user" member of NEPOOL in order to represent the interests of New Hampshire ratepayers in the evolving wholesale markets. Since a competitive wholesale market is essential to successfully implementing electric restructuring in the state, as required by New Hampshire law, it is imperative that these emerging markets be closely scrutinized.

The OCA does not have the necessary staffing to participate in the myriad meetings that are required at NEPOOL, nor do we have the resources to analyze the impacts on ratepayers of the voluminous proposals and reports submitted as part of the ISO New England process. We also lack the resources to perform quantitative analysis of the developing wholesale electric markets or regional transmission issues. Therefore, we ask that you present the OCA with a proposal to provide adequate services to this Office for two years, beginning September 5, 2007, so that we may meaningfully participate on regional wholesale electric market and transmission issues.

The proposal should specify how your services will adequately apprise the OCA of the facts necessary to make informed decisions, and how you will work with us so that, given our other duties and limited time, we will be able to participate effectively on regional wholesale market and transmission issues. Specifically, we require regular brief updates from the consultant to facilitate and maintain good communication. Please also explain how you can provide this service to any other clients in addition to the OCA, if applicable, without prejudice to either client, inasmuch as our specific goals may conflict at times.

SCOPE OF WORK

A brief listing of the ISO New England and NEPOOL activities that must be monitored and evaluated by the contracting party for the period of September 5, 2007 through September 5, 2009 is set out below. The Contracting party should provide a suggested schedule of monitoring and evaluation activities within a fixed budget that will meet the OCA's needs in the following areas:

A. Regional Transmission Planning and Resource Adequacy

The recent adoption by ISO New England of a Forward Capacity Market (FCM) has created a host of implementation work that must be completed in order to ensure the effective functioning of the FCM. The OCA requires assistance in order to participate in the implementation of the FCM, and in developing alternative mechanisms for meeting planning and resource adequacy goals for the New England region. Solutions to these problems need to incorporate market mechanisms, demand response, and efficiency approaches to load growth. Any alternative must be effective and cost efficient.

B. NEPOOL Participants Committee (NPC)

This is NEPOOL's governing body that must approve the recommendations of all the lower committees. Under the current RTO regime NEPOOL is advisory to ISO NE, and as a result, participation outside the NEPOOL process is needed when ISO NE chooses to oppose a NEPOOL vote. Nonetheless, it is important to monitor participant activities and to participate in votes on critical issues.

C. NEPOOL Markets Committee (MC)

This committee provides the initial evaluation of proposals for new rules, modifications to existing rules, or the elimination of certain rules. ISO New England chairs this committee, schedules the meeting, prepares the agenda for each meeting, posts all meeting materials, writes the minutes, and reports recommendations to the NPC. The OCA needs to participate in this process in order to insure that sufficient ancillary services markets are developed to handle among other issues, a forward reserve market and symmetric handling of demand side management and energy efficiency.

D. ISO Budget

ISO New England's budget is reviewed annually by the Federal Energy Regulatory Commission (FERC). The OCA needs assistance in scrutinizing and, if appropriate, opposing this budget which has increased dramatically since the ISO began operating the regional grid.

E. RTO New England

ISO New England has been unwilling to adopt standards or performance goals which would allow the OCA and other regional stakeholders to measure its performance. Further, ISO New England has refused to follow NEPOOL votes on critical issues because NEPOOL is now only advisory under the newly approved RTO. The contracting party will provide monitoring services to the OCA concerning the ongoing RTO process.

F. Other Issues

Over the duration of the contract, unanticipated issues are likely to arise (the most recent example is ISO New England's Scenario Analysis project). The proposal should take into account the need to respond to issues as they arise.

OCA CONSULTING BUDGET

Our yearly budget for hiring consulting services is very limited. We have a total consultant budget of \$95,000 for the fiscal year beginning July 1, 2007. Given the uncertainty as to our future needs at the Commission, we must take our other needs into consideration when awarding contracts.

SELECTION CRITERIA

Bid selection for this work will be based upon providing a complete integrated package of all services requested, as well as experience in providing those services in the past. Price will not be the sole determining criteria, but will be important given our limited budget.

Assuming you can make a satisfactory proposal that includes documentation that your company has the appropriate expertise to perform a contract, we will plan on executing a contract of two year's duration with you. Finally, we will need some criteria by which payment will be made contingent on work performed. Billings should be monthly, and at nothing faster than a pro rata share of the total contract. For the selected contracting party there will be a modest cost in registering with the Secretary of State's office to do business in New Hampshire and to meet other administrative criteria.

Please do not hesitate to contact us should you have any questions. You can learn more about the NH OCA and our statutory charge at www.oca.nh.gov.

Sincerely,

Meredith A. Hatfield
Consumer Advocate